

3/11 3/9/77

Ways and Means  
Van Gilst, Chairperson  
Palmer  
Kelly

FILED MAR 8 1977

SENATE FILE 199

By WILLITS, RAMSEY, READINGER,  
SHAW, MILLER of Des Moines,  
NYSTROM, BERGMAN, GALLAGHER,  
MERRITT, DeKOSTER, TIEDEN,  
HULTMAN, BURROUGHS, HANSEN,  
MURRAY, COLEMAN, TAYLOR,  
ROBINSON, ASHCRAFT, DRAKE,  
SCHWENGELS, BRILES, NOLTING  
and RODGERS

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

# A BILL FOR

1 An Act to provide for the refund to a nonprofit corporation  
2 of sales or use tax upon the gross receipts of certain  
3 items used in making real property improvements, wherein  
4 ownership of the property, upon completion of the improve-  
5 ments, is by contract required to be delivered to the  
6 state of Iowa or any political subdivision thereof.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20

S.T. 177

1 Section 1. Section four hundred twenty-two point forty-  
2 five (422.45), subsection seven (7), Code 1977, is amended  
3 to read as follows:

4 7. Any private nonprofit educational institution in this  
5 state or any tax-certifying or tax-levying body of the state  
6 of Iowa or governmental subdivision thereof, including the  
7 state board of regents, state department of social services,  
8 state department of transportation, and all divisions, boards,  
9 commissions, agencies or instrumentalities of state, federal,  
10 county or municipal government which derive disburseable funds  
11 from appropriations or allotments of funds raised by the  
12 levying and collection of taxes, or any nonprofit corpora-  
13 tion which is a party to a binding contract with the state  
14 of Iowa or any governmental subdivision thereof requiring  
15 such corporation to construct any real property improvement  
16 and immediately upon completion thereof to deliver ownership  
17 of such improvement to the state or governmental subdivision  
18 may make application to the department for the refund of any  
19 sales or use tax upon the gross receipts of all sales of  
20 goods, wares or merchandise or from services rendered,  
21 furnished, or performed to or by any contractor, used in the  
22 fulfillment of any written contract with the state of Iowa  
23 or any political subdivision thereof, or any private nonprofit  
24 educational institution in this state, or with any nonprofit  
25 corporation which is also a party to a binding contract to  
26 deliver ownership of the project under contract to the state  
27 of Iowa or any political subdivision thereof, which property  
28 becomes an integral part of the project under contract and  
29 at the completion thereof becomes public property, or is  
30 devoted to educational uses as specified in this subsection,  
31 or ownership of which is, by contract, to be delivered to  
32 the state of Iowa or any political subdivision thereof, except  
33 goods, wares or merchandise or services rendered, furnished,  
34 or performed used in the performance of any contract in  
35 connection with the operation of any municipal utility engaged

1 in selling gas, electricity, or heat to the general public;  
2 and excepting such goods, wares and merchandise used in the  
3 performance of any contract for a "project" under chapter  
4 419 as defined therein other than goods, wares or merchandise  
5 used in the performance of any contract for any "project"  
6 under said chapter 419 for which a bond issue was or will  
7 have been approved by a municipality prior to July 1, 1968.

8 a. Such contractor shall state under oath, on forms  
9 provided by the department, the amount of such sales of goods,  
10 wares or merchandise or services rendered, furnished, or  
11 performed and used in the performance of such contract, and  
12 upon which sales or use tax has been paid, and shall file  
13 such forms with the governmental unit or private nonprofit  
14 educational institution or nonprofit corporation which has  
15 made any written contract for performance by said contractor.  
16 Such forms shall be filed by the contractor with the  
17 governmental unit or educational institution or nonprofit  
18 corporation before final settlement is made.

19 b. Such governmental unit or educational institution or  
20 nonprofit corporation shall, not more than six months after  
21 the final settlement has been made, make application to the  
22 department for any refund of the amount of such sales or use  
23 tax which shall have been paid upon any goods, wares or  
24 merchandise, or services rendered, furnished, or performed,  
25 such application to be made in the manner and upon forms to  
26 be provided by the department, and the department shall  
27 forthwith audit such claim and, if approved, request the  
28 comptroller to issue his warrant to such governmental unit  
29 or educational institution or nonprofit corporation in the  
30 amount of such sales or use tax which has been paid to the  
31 state of Iowa under such contract.

32 c. Any contractor who shall willfully make false report  
33 of tax paid under the provisions of this subsection shall  
34 be guilty of a misdemeanor and in addition thereto shall be  
35 liable for the payment of the tax with penalty and interest

1 thereon.

2 Sec. 2. The provisions of section one (1) of this Act  
3 shall apply, to the extent not previously effective, to any  
4 sales or use tax which has been paid to a contractor by a  
5 governmental unit or private nonprofit educational institu-  
6 tion or nonprofit corporation on or after February 1, 1977  
7 and to such extent this Act is retroactive.

8 Sec. 3. This Act, being deemed of immediate importance,  
9 shall take effect and be in force from and after its publica-  
10 tion in the Highland Park News, a newspaper published in Des  
11 Moines, Iowa, and in the Osceola Sentinel, a newspaper pub-  
12 lished in Osceola, Iowa.

13 EXPLANATION

14 This bill will permit a nonprofit corporation which has  
15 contracted with the state or any political subdivision thereof  
16 to construct a real property improvement and, upon completion  
17 thereof, to deliver ownership of such improvement to the state  
18 or such political subdivision and to obtain a refund of any  
19 sales or use tax paid on goods or services used in the  
20 fulfillment of any contract to construct such improvement.

21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35

L.B. 12-58  
5 / 17